

Mental Health Trust Land Development**FY2003 Request: \$800,000**
Reference No: 6853**AP/AL:** Appropriation**Project Type:** Planning**Category:** Development**Location:** Statewide**Contact:** Stephen Planchon**Election District:** Statewide**Contact Phone:** (907)269-8656**Estimated Project Dates:** 07/01/2002 - 06/30/2005**Brief Summary and Statement of Need:**

The Trust Land Office will contract for services related to the enhancement of parcel-specific Trust land and resource assets. Funds will be used to facilitate the disposal or development of Trust resources in accordance with the Trust Land Office's long-term asset management strategy.

Funding:

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	Total
MHTAAR	\$800,000	\$900,000	\$950,000	\$950,000	\$950,000	\$950,000	\$5,500,000
Total:	\$800,000	\$900,000	\$950,000	\$950,000	\$950,000	\$950,000	\$5,500,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased Project	<input checked="" type="checkbox"/> On-Going Project
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input checked="" type="checkbox"/> Mental Health Bill

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Total Operating Impact:	0	0
One-Time Startup Costs:	0	
Additional Estimated Annual O&M:	0	0

Prior Funding History / Additional Information:

SLA01/CH62 - \$950,000

SLA00/CH134 - \$870,000

SLA99/CH85 - \$660,000

SLA98/CH138 - \$530,000

SLA97/CH99 - \$460,000

Funds associated with this project have enabled the Trust Land Office to diversify revenue-generating sources of income. These sources include land leases, land sales, oil and gas leases, mineral exploration licenses and leases, timber sales and other general land use authorizations.

Sec 37.14.009 (a) (2) of the Alaska Statutes requires that the Alaska Mental Health Trust Authority "contract with the Department of Natural Resources to manage the land assets of the Trust, in conformity with AS 38.05.801 (Trust Land management). 11AAC 99.020(b) requires that Trust land be managed "solely in the best interest of the Alaska mental health trust and its beneficiaries. When determining the best interest of the Trust and its beneficiaries the Trust Land Office (TLO) must consider specific principles set out in 11 AAC 99.020(c):

- maximization of long-term revenue from trust land;
- protection of the corpus;
- protection and enhancement of the long-term productivity of trust land;
- encouragement of a diversity of revenue-producing uses of trust land; and
- management of trust land prudently, efficiently, and with accountability to the trust and its beneficiaries.

Effective management of Trust lands over time requires the expenditure of core operating costs to address annual costs of basic Trust land management. In addition to these costs, additional funds are needed to address short-term projects (i.e. projects that do not justify the addition of permanent TLO staff) and capital investment demands (e.g. funds needed to improve certain lands prior to disposal). This request addresses the "additional" costs that are needed to comply with the intent of AS 38.05.801 and its associated regulations. Typically, these costs translate into funds used to hire private sector contractors that provide specific land management, pre-disposal or disposal services to the TLO. For instance, a private sector forestry-consulting firm administers the TLO's Icy Bay timber sale contract, a major revenue generator for the Trust. Absent the funds necessary for contract services of this nature, the TLO would not be able to achieve its revenue projections for the year. The Trust Authority relies on those projections when determining which mental health related projects it will fund in subsequent years. The requested funds will come from the Trust and not the General Fund.

CIP funds many times contribute to the achievement of revenue projections that span several years. For example, funds requested to subdivide a Trust parcel prior to disposal may result in lot sale revenues over the course of two years or more. If the requested funds are not received, the Trust Authority plans to use the resulting land disposal revenue to address unmet mental health program needs are jeopardized.

Cost estimates associated with the requested funds are based on over six years of operating experience as well as an awareness of costs associated with comparable projects elsewhere in the state. CIP funding requests are minimized; to the extent it is reasonable to do so, by passing development costs (e.g. surveys, appraisals, etc.) onto the end user (e.g. buyer or lessee).

Specific Spending Detail: Allocation of requested funds would be distributed in the following resource categories. The decision to proceed with a specific project is subject to a variety of considerations, including changes in the market place. Decisions could also be made to shift funds between categories to ensure the best rate of return to the Trust overall:

Land Management \$130,000

e.g. Support redevelopment planning; Kasilof area asset management planning; improvements to the TLO information management system and payment of local improvement district assessments (e.g. Girdwood water and sewer).

Forest Management \$620,000

e.g. Administration of active timber sales (e.g. Icy Cape, Cook Inlet area and Thorne Bay) and initial planning and layout of upcoming sales (e.g. Petersburg, Ketchikan and Leask Lake).

Minerals & Materials \$ 30,000

e.g. Administration of the Fort Knox lease, including net income audits, mining claim and lease administration; data analysis; and marketing.

Coal, Oil & Gas \$ 20,000

e.g. Lease offerings and lease administration.

Project Support:

Approved by the Alaska Mental Health Trust Board of Trustees during the annual budgeting process.

Project Opposition:

There is no known opposition.